

Message Text

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ACTION EA-13

INFO OCT-01 SS-14 ADP-00 NSC-10 NSCE-00 L-02 CIAE-00

INR-10 NSAE-00 RSC-01 DODE-00 PRS-01 EB-03 COME-00

TRSE-00 SCEM-01 INT-01 OMB-01 XMB-01 PM-03 RSR-01

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P 310946Z AUG 73 ZDK

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 6437

INFO AMEMBASSY JAKARTA PRIORITY

C O N F I D E N T I A L TOKYO 11238

LIMDIS

E.O. 11652: GDS

TAGS: ENRG, JA, ID

SUBJECT: INDONESIAN LNG - AMBASSADOR'S DISCUSSION WITH MINFIN
AICHI

REF: TOKYO 11083

SUMMARY. AMBASSADOR RAISED INDONESIAN LNG PROBLEM WITH
MINFIN AICHI ON AUG 31. AMBASSADOR EXPRESSED BELIEF
THAT US AND JAPAN SHOULD COOPERATE ON ENERGY MATTERS AND
CONCERN THAT THIS NOT BEING DONE IN INDONESIAN CASE. END
SUMMARY.

1. DURING COURSE OF CALL ON FINANCE MINISTER AICHI ON
AUGUST 31 TO PRESENT SECRETARY ROGERS' REPLY TO AICHI'S
LETTER ON SECRETARY'S RESIGNATION, AMBASSADOR TOOK
OCCASION TO RAISE QUESTION INDONESIAN LNG PROJECT. HE
NOTED POLICY OF BOTH GOVERNMENTS WAS TO COOPERATE IN ENERGY
AREA AND THAT THIS FORMULA WORKING WELL IN SIBERIAN DE-
VELOPMENT. AMBASSADOR ALSO POINTED OUT FACT THAT ENERGY
COOPERATION HAD BEEN SUBJECT OF DISCUSSION AT RECENT
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SUMMIT AND WAS INCLUDED IN FINAL COMMUNIQUE.

2. AMBASSADOR SAID US CURRENTLY CONCERNED ABOUT LNG DEVELOPMENT PROJECTS UNDERWAY IN INDONESIA. OUR INITIAL UNDERSTANDING WAS THAT PRODUCTION WOULD BE SPLIT 50-50 BETWEEN US AND JAPAN. IT NOW APPEARS GOJ HAS AGREEMENT WITH GOI TO RECEIVE FULL GOJ REQUIREMENTS, WITH US ONLY RECEIVING EXCESS PRODUCTION. THIS DEVELOPMENT IS UPSETTING TO EXIM BANK PRESIDENT KEARNS WHO HAD HOPED ASSIST IN FINANCING PORTION OF PLANT AND SHIP REQUIREMENTS FOR THIS PROJECT AS WELL AS TO SEE SUBSTANTIAL PORTION OF GAS COME TO US. IT NOW APPEARS US BEING SQUEEZED OUT. AMBASSADOR ASKED AICHI VIEWS ON THIS MATTER.

3. AICHI STATED HE HAD NO DETAILS OF PROJECT AND, IN FACT, HAD ONLY HEARD OF DIFFICULTIES PREVIOUS DAY WHEN SUMITA OF JAPAN EXIMBANK MADE REPORT ON RECENT TRIP. HOWEVER, HE SAID MINISTRY OF FINANCE NOT CURRENTLY INVOLVED IN MATTER.

4. AMBASSADOR THEN REVIEWED STATEMENTS OF NAKAYAMA (REFTEL) REGARDING US-JAPAN COOPERATION AND STATED IT NOW APPEARED ON BASIS MOROZUMI-RADIUS MEMORANDUM JAPAN WILL TAKE ALL OR MAJOR PORTION INDONESIAN LNG PRODUCTION. E/MIN NOTED PACIFIC LIGHTING HAS HAD LONG NEGOTIATIONS WITH PERTAMINA ON LNG ISSUE. THESE DISCUSSIONS WELL KNOWN TO JAPANESE. THUS, US SURPRISED THAT IT LEARNED OF GOJ-GOI AGREEMENT FROM PRIVATE SOURCE AND NOT FROM GOJ. RESULT HAS BEEN

CONCERN IN WASHINGTON THAT GOJ NOT COMPLETELY FORTHCOMING IN THIS MATTER AND THAT GOJ ACTIONS NOT CONSISTENT WITH POSITIONS ADOPTED AT SUMMIT.

5. MINISTER AICHI AGAIN STATED MOF NOT DIRECTLY INVOLVED BUT SAID HE WOULD UNDERTAKE LOOK INTO THIS MATTER PERSONALLY.

6. AMBASSADOR HAS MADE APPOINTMENTS WITH MITI VICE MINISTER YAMASHITA AND FONOFF DEPUTY VICE MINISTER TSURUMI FOR MONDAY SEPT 3 TO DISCUSS THIS MATTER FURTHER.
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